



January 27, 1997

Sundara Ganesh
575 E Remington Dr #12-1
Sunnyvale, CA 94087

Dear Sundara:

On behalf of Packet Engines Incorporated, (the "Company"), I am pleased to offer you the position of Software Engineer. Compensation for this position will be at an annualized salary of \$108,000.00, earned and payable at a semi-monthly rate of \$4,500.00. Your starting date in this position will be January 27, 1997.

As Software Engineer, your job duties will be to analyze and design code and test communications software as well as other functions which may be assigned from time to time. It is expected that you will devote your full-time attention to this position and that you will not act as an employee, consultant or director to any other entity without the express written consent of the President of the Company.

Subject to the approval of the Stock Option Committee of the Board of Directors, you will also receive an option to purchase 80,000 shares of Packet Engines' Common Stock. Vesting of the stock option will be as follows: 25% on the first anniversary of the grant date and 1/48 per month of continued employment thereafter until fully vested.

In addition to the compensation outlined above, Packet Engines is prepared to assist you with your moving expenses in the amount of \$5,000.00. If, for any reason, your employment with Packet Engines should terminate prior to the completion of one year of service, this amount will be subject to reimbursement to Packet Engines at a rate of 1/12th for each month less than 12 months worked. This relocation assistance is subject to a Relocation Agreement which will be provided to you upon the commencement of your employment.

Your employment with Packet Engines is at will. This means that your terms and conditions of employment, including but not limited to termination, demotion, promotion, transfer, compensation, benefits, duties and location of work may be changed with or without cause, for any or no reason, and with or without notice. Your status as an at-will employee may only be changed through a written agreement signed by the President of the Company and may not be changed by any statement, promise, policy, course of conduct, writing or employee manual.

It should be noted that as a condition of employment, you will be required to sign an agreement which addresses the issues of confidentiality, conflicts of interest, non-competition and patent assignments. In addition, on your first day of employment, you will be required to provide Packet Engines with appropriate documents to establish your eligibility to work in the United States (i.e., U.S. passport, or driver's license and social security card) as required by Federal Law.

Please indicate your acceptance of this offer by signing the acknowledgment below and returning it to me by within 5 days from the date of this letter, at which time this offer expires if not accepted.

Sundara, I feel confident that you can make a significant contribution to Packet Engines' success. I look forward to your favorable reply and working with you in the near future. If you have any questions or concerns please do not hesitate to call.

Sincerely,

Bernard Daines SKD

Bernard Daines
President and CEO

I accept the offer of employment stated in this letter and expect to commence employment on January 27, 1997.

Sundara Ganesh

S. Sundara Ganesh
Signature

Jan 27, 1997
Date